



Condor Gold plc

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4th September 2015

Condor Gold Plc ("Condor" or the "Company") Strategic review and commencement of an offer period

The Board of Condor announces that it has initiated a formal strategic review of the Company's business and assets with a view to maximising the best value for Shareholders at this time. Accordingly, the Company has appointed Cormark Securities Inc. ("Cormark") to act as financial advisor assisting with exploring value creating alternatives for the Company.

Condor is a gold exploration company and over the last 5 years has successfully proved an independent mineral resource at its flagship La India Project in Nicaragua of 18.1M tonnes at 4.0g/t containing 2.32M oz gold, which includes an open pit mineral reserve of 6.9M tonnes at 3.0g/t gold containing 675,000 oz gold. An NI 43-101 technical report detailing a Pre-Feasibility Study ("PFS") and two Preliminary Economic Assessments ("PEAs") were posted on Condor's website on 21st December 2014.

The Board has conducted an internal review of strategic options going forward against the backdrop of a gold price that has corrected approximately 40% from its all time high 3 years ago and the lack of appetite for equity financing in the junior gold exploration sector. The Board has concluded that the equity required for the construction of a mine at La India Project, given the upfront capital cost of between US\$110M and US\$169M estimated in the PFS and PEAs would prove significantly dilutive to existing shareholders. Furthermore, there is no guarantee that either equity or debt financing for the construction of the mine and associated infrastructure can be secured on satisfactory terms. The Board's view is that the completion of a Definitive Feasibility Study ("DFS"), while adding value to the Project, would be unlikely to be fully recognised in the share price and in any case, in the event that the strategic review results in an eventual sale of the Company's business or assets or of the Company itself, the DFS would be substantially reviewed by any acquirer. Condor will continue with its strategy of de-risking the La India Project by applying for an EIA Permit and securing the rural land, while continuing to show the upside of the Project through a soil survey programme, a detailed structural geology study and completing an enterprise optimisation study on the reserves and resources in the PFS and PEAs.

One of the options being considered would be a possible offer for the Company. Another option is for a joint venture or sale of one or more of the Company's assets, including the independent mineral resource estimate in El Salvador of 13.1M tonnes at 2.6g/t containing 1.1M oz gold equivalent.

Takeover Code

Any discussions in relation to a merger with a third party or a sale of the Company will take place within the context of a "formal sale process" as defined in The City Code on Takeovers and Mergers (the "Code") in order to enable conversations with parties interested in making such a proposal to take place on a confidential basis.

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement (subject to note 3 to Rule 2.2 of the Code) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the formal sale process. Interested parties should note Rule 21.2 of the Code, which will prohibit any form of inducement fee

or other offer-related arrangement, and that the Company, although it may do so in the future, has not at this stage requested any dispensation from this prohibition under Note 2 of Rule 21.2.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

Following this announcement, the Company is now considered to be in an "offer period" as defined in the Code, and the dealing disclosure requirements listed below will apply.

Beaumont Cornish Limited ("Beaumont Cornish"), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Condor and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Condor for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement.

The following information is provided in accordance with Rule 2.10 of the City Code on Takeovers and Mergers (the "Code").

Relevant Securities in Issue

The Company confirms that it has 45,807,316 Ordinary Shares of 20 pence each in issue at the close of business on 3 September 2015 and the Ordinary Shares in the Company are admitted to trading on AIM under the UK ISIN code GB00B8225591.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be published, subject to certain restrictions relating to persons in any restricted jurisdiction at www.condorgold.com

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ENDS

Parties with a potential interest in making an offer for, or merging with Condor should contact Cormark (contact details as set out above). Any interested party will be required to enter into a non-disclosure agreement with the Company on terms satisfactory to the Board and on the same terms, in all material respects, as the other interested parties, before being permitted to participate in the process. The Board reserves the right to alter any aspect of the process or to terminate it at any time and will make further announcements as appropriate. The Board reserves the right to reject any approach or terminate discussions with any interested party or participant at any time.